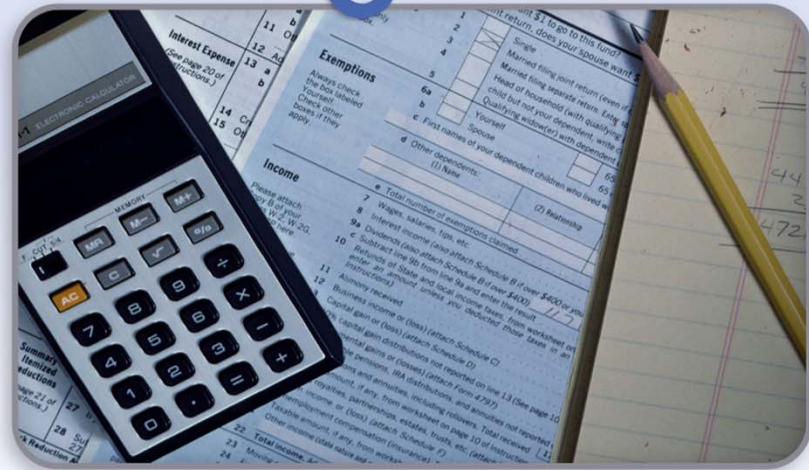


Understanding Taxes



Theme 6: Understanding the IRS





Theme 6: Understanding the IRS

Electronic Filing



More than 81% of all tax returns were filed electronically in the 2012 tax year.





Theme 6: Understanding the IRS

Chief Sources of Revenue



Understanding
Taxes





Theme 6: Understanding the IRS

The Sixteenth Amendment

The Congress shall have power to lay
and collect taxes on incomes,
from whatever source derived, without
apportionment among the several
States, and without regard to any
census or enumeration.

- *The 16th Amendment
to the Constitution of
the United States*



Theme 6: Understanding the IRS

Important People in Tax History

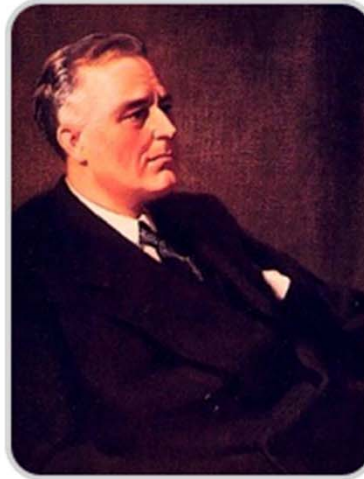
- Lord Charles Townshend
- Alexander Hamilton
- Abraham Lincoln





Theme 6: Understanding the IRS

Important People in Tax History



- William Wilson
- Oscar W. Underwood
- Franklin D. Roosevelt



Theme 6: Understanding the IRS

Important People in Tax History

- Harry S. Truman
- Shirley Peterson
- William J. Clinton





Theme 6: Understanding the IRS

Important People in Tax History

- George W. Bush
- Barack H. Obama





Theme 6: Understanding the IRS

Voluntary Compliance

- Keep necessary records
- Report income accurately
- Correctly calculate tax liability
- File returns on time





Theme 6: Understanding the IRS

Pay-As-You-Go Withholding

- Taxes are paid as income is earned
- Taxes are withheld based on Form W-4 information

----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

| | | | | |
|---|--|--|--|---|
| Form W-4 Department of the Treasury Internal Revenue Service | | Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS. | | OMB No. 1545-0074 2013 |
| 1 Your first name and middle initial | | Last name | | 2 Your social security number |
| Home address (number and street or rural route) | | 3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at Higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box. | | |
| City or town, state, and ZIP code | | 4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/> | | |
| 5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) | | | | 5 |
| 6 Additional amount, if any, you want withheld from each paycheck | | | | 6 \$ |
| 7 I claim exemption from withholding for 2013, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶ 7 | | | | |
| Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete. | | | | |
| Employee's signature (This form is not valid unless you sign it.) ▶ | | | | Date ▶ |
| 8 Employer's name and address (Employer. Complete lines 8 and 10 only if sending to the IRS.) | | 9 Office code (optional) | | 10 Employer identification number (EIN) |

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat No. 10220Q Form **W-4** (2013)



Theme 6: Understanding the IRS

Form W-2

- Shows how much employees earn
- Copy must be attached to tax return

| a. Employer's social security number | | Safe, accurate, FAST! Use e-file | | Visit the IRS website at www.irs.gov/efile | |
|--|--|---|--|---|--|
| b. Employer identification number (EIN) | | 1 Wages, tips, other compensation | | 2 Federal income tax withheld | |
| c. Employer's name, address, and ZIP code | | 3 Social security wages | | 4 Social security tax withheld | |
| | | 5 Medicare wages and tips | | 6 Medicare tax withheld | |
| | | 7 Social security tips | | 8 Allocated tips | |
| d. Control number | | 9 | | 10 Dependent care benefits | |
| e. Employee's first name and initial Last name | | 11 Nonqualified plans | | 12a See instructions for box 12 | |
| | | 13 Sick pay | | 12b | |
| | | 14 Other | | 12c | |
| | | | | 12d | |
| f. Employee's address and ZIP code | | 15 State wages, tips, etc. | | 16 State income tax | |
| | | 17 Local wages, tips, etc. | | 18 Local income tax | |
| | | | | 19 | |
| | | | | 20 | |
| Form W-2 Wage and Tax Statement | | 2013 | | Department of the Treasury—Internal Revenue Service | |
| Copy B—To Be Filed With Employee's FEDERAL Tax Return. This information is being furnished to the Internal Revenue Service. | | | | | |



Theme 6: Understanding the IRS

Financial Record Keeping



Understanding
Taxes





Theme 6: Understanding the IRS

Financial Record Keeping

Save:

- Paycheck stubs
- Bank statements
- Completed tax returns and forms
- Warranty information
- Receipts
- Credit card statements





Theme 6: Understanding the IRS

Financial Record Keeping

Store items in:

- Envelopes or accordion file
- Filing cabinets
- Computer
- Safety deposit boxes





| Department of the Treasury—Internal Revenue Service | | Income Tax Return for Single and Joint Filers With No Dependents 1040EZ | | 2013 | |
|--|--|---|--|---|--|
| Your first name and initial | | Last name | | OMB No. 1545-0047 | |
| If a joint return, spouse's first name and initial | | Last name | | Your social security number | |
| Home address (number and street). If you have a P.O. box, see instructions. | | | | Spouse's social security number | |
| City, town or post office, state, and ZIP code. If you have a foreign address, also complete space below (see instructions). | | | | <input type="checkbox"/> Make sure the SSN(s) above are correct. | |
| Foreign country name | | Foreign post office/territory | | Presidential Election Campaign Check here if you or your spouse filed with the IRS as a candidate for federal office in 2012. (Check only if you or your spouse are a candidate for change of tax law.) <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Income | | | | | |
| 1 Wages, salaries, and tips. This should be shown on box 1 of your Form(s) W-2. Attach your Form(s) W-2. | | 2 Taxable interest. If the total interest is \$1,500, you must use Form 1040EZ. | | 3 Unemployment compensation and Alaska Permanent Fund dividends (see instructions). | |
| 4 | | 5 | | 6 | |
| 7 | | 8 | | 9 | |
| 10 | | 11 | | 12 | |
| 13 | | 14 | | 15 | |
| 16 | | 17 | | 18 | |
| 19 | | 20 | | 21 | |
| 22 | | 23 | | 24 | |
| 25 | | 26 | | 27 | |
| 28 | | 29 | | 30 | |
| 31 | | 32 | | 33 | |
| 34 | | 35 | | 36 | |
| 37 | | 38 | | 39 | |
| 40 | | 41 | | 42 | |
| 43 | | 44 | | 45 | |
| 46 | | 47 | | 48 | |
| 49 | | 50 | | 51 | |
| 52 | | 53 | | 54 | |
| 55 | | 56 | | 57 | |
| 58 | | 59 | | 60 | |
| 61 | | 62 | | 63 | |
| 64 | | 65 | | 66 | |
| 67 | | 68 | | 69 | |
| 70 | | 71 | | 72 | |
| 73 | | 74 | | 75 | |
| 76 | | 77 | | 78 | |
| 79 | | 80 | | 81 | |
| 82 | | 83 | | 84 | |
| 85 | | 86 | | 87 | |
| 88 | | 89 | | 90 | |
| 91 | | 92 | | 93 | |
| 94 | | 95 | | 96 | |
| 97 | | 98 | | 99 | |
| 100 | | 101 | | 102 | |
| 103 | | 104 | | 105 | |
| 106 | | 107 | | 108 | |
| 109 | | 110 | | 111 | |
| 112 | | 113 | | 114 | |
| 115 | | 116 | | 117 | |
| 118 | | 119 | | 120 | |
| 121 | | 122 | | 123 | |
| 124 | | 125 | | 126 | |
| 127 | | 128 | | 129 | |
| 130 | | 131 | | 132 | |
| 133 | | 134 | | 135 | |
| 136 | | 137 | | 138 | |
| 139 | | 140 | | 141 | |
| 142 | | 143 | | 144 | |
| 145 | | 146 | | 147 | |
| 148 | | 149 | | 150 | |
| 151 | | 152 | | 153 | |
| 154 | | 155 | | 156 | |
| 157 | | 158 | | 159 | |
| 160 | | 161 | | 162 | |
| 163 | | 164 | | 165 | |
| 166 | | 167 | | 168 | |
| 169 | | 170 | | 171 | |
| 172 | | 173 | | 174 | |
| 175 | | 176 | | 177 | |
| 178 | | 179 | | 180 | |
| 181 | | 182 | | 183 | |
| 184 | | 185 | | 186 | |
| 187 | | 188 | | 189 | |
| 190 | | 191 | | 192 | |
| 193 | | 194 | | 195 | |
| 196 | | 197 | | 198 | |
| 199 | | 200 | | 201 | |
| 202 | | 203 | | 204 | |
| 205 | | 206 | | 207 | |
| 208 | | 209 | | 210 | |
| 211 | | 212 | | 213 | |
| 214 | | 215 | | 216 | |
| 217 | | 218 | | 219 | |
| 220 | | 221 | | 222 | |
| 223 | | 224 | | 225 | |
| 226 | | 227 | | 228 | |
| 229 | | 230 | | 231 | |
| 232 | | 233 | | 234 | |
| 235 | | 236 | | 237 | |
| 238 | | 239 | | 240 | |
| 241 | | 242 | | 243 | |
| 244 | | 245 | | 246 | |
| 247 | | 248 | | 249 | |
| 250 | | 251 | | 252 | |
| 253 | | 254 | | 255 | |
| | | | | | |

Understanding
Taxes



Theme 6: Understanding the IRS

Methods of Tax Return Preparation

- Electronically
- Tax Preparation Software
- Manually



Understanding
Taxes





Theme 6: Understanding the IRS

Electronic Tax Preparation and Transmission





Theme 6: Understanding the IRS

Methods of Electronic Tax Preparation and Transmission

- Personal Computer
- Tax Professional



Understanding
Taxes  IRS



Theme 6: Understanding the IRS

Refunds

